

Is Entrepreneurship Learned or an Inborn Feature in Mozambique?

Alen Sawaya^{1*} Shepherd Bhero²

1. PhD Student with the Zimbabwe Open University (ZOU).

2. Department of Chemical, Materials and Metallurgical Engineering, Botswana International University of Science and Technology

Abstract

Mozambique is faced with unemployment problem and the natural solution deemed by authorities as appropriate to alleviate the problem has been to persuade the youth to embark on self employment through the formation of own enterprises. There has not been a common agreement on how to achieve this aim, with some quarters arguing that entrepreneurship can be encouraged through education and training whilst others maintain that entrepreneurship is an instinctive feature that merely needs to be discovered and developed. A study was made in Greater Maputo, the capital of Mozambique in order to solve this intriguing quagmire. More appropriately, the research deliberated on three distinct groups: manufacturing, services and commerce sub-sectors to ascertain what prompted entrepreneurs in the country to enter into business. It was found that the need for self fulfillment superseded other presumptions thought to be the main factors for launching enterprises. It was thus recommended that more support should be rendered to entrepreneurs in the country by instilling on them the sense of competitiveness.

Keywords: Competitiveness, Education, Entrepreneurship, SMEs, Training, Unemployment.

1. Introduction

Unemployment is a state of affairs of people who are out of work and are looking for an occupation that will render them income (Banerjee et al., 2008). Unemployment is often used as a barometer of the health of an economy (Malinvaud, 2008). According to Mapote (2013), almost 23% of all Mozambicans are unemployed. This is much more acute to young people aged 15 to 30 years who are eligible to enter the job market for the first time. Youth unemployment is an endemic problem that threatens the stability, social fabric and economic progress of Mozambique. The country's impressive economic growth failed to generate sufficient employment and underemployment is widespread. The Mozambican government has long realized that the only way to solve the unemployment problem is through the encouragement of entrepreneurship amongst the youths.

The belief of the leadership and stakeholders in Mozambique is that youths are unemployed because of low levels of entrepreneurship amongst this crucial group in Mozambique. Through entrepreneurship, youths can create small and medium enterprises (SMEs), manage them, earn income and alleviate themselves from poverty. Legally operating enterprises also contribute to the government's coffers through taxations, exercise duties and contributions to the provident fund. The government has however not clearly defined how entrepreneurship can be promoted in Mozambique. The daunting question is to find out if entrepreneurship can be learned or instilled in people's minds or is it a natural phenomenon born with every individual and only need to be tapped?

2. Review of the related Literature

The review of related literature will outline the concept of entrepreneurship, and other areas of interest related to this concept, especially when applied to the youth.

2.1 The theory of entrepreneurship

Entrepreneurship refers to an individual's ability to turn ideas into actions (Ong'olo & Awino, 2013). The concept takes into consideration the power of initiative, innovation, creativity and risk-taking, including the ability to plan and manage different undertakings to attain success (Nagler & Naudé, 2014). Entrepreneurship is thus deemed as a vital linchpin for the survivability and sustainability of a small firm and a necessary ingredient for stimulating economic growth and employment opportunities in all aspects (Backes-Gellner & Moog, 2013; Bowale & Ilesanmi, 2014). The theory of the entrepreneur is related to the theory of the market making firm, according to Casson (2005). The entrepreneur operates in a market economy through the firm, of which the entrepreneur is the founder or owner-manager (Alrumaithi et al., 2015). The entrepreneur can internalize the exploitation of commercial information upon which his superior judgment is based. The market for entrepreneurs operates uniquely; it allocates judgment decisions to entrepreneurs (Bergmann & Stephan, 2013). However, Casson (2005) alerts that the number of entrepreneurs and their rewards are analyzed and because of major social and economic hindrances, the heroic figure of the entrepreneur are a myth. The author nevertheless admits that entrepreneurship is important for social mobility, even though the absolute degree is rather limited.

Entrepreneurs are innovators and problem solvers (Achtenhagen, Naldi & Melin, 2010). Successful

entrepreneurs meet needs of people in their community (Alpfält, 2011). They create the goods and services that people need and also create other value-producing jobs (Backes-Gellner & Moog, 2013). Baig (2007) emphasizes that entrepreneurship is significant for economic growth, and entrepreneurial associations are also more open to progress and innovation. Schumpeter stresses that innovation is the decisive dimension of economic change and that economic transformation revolves around innovation, entrepreneurial activities, and market power (Licht, 2010). The author reckons that Schumpeter presupposes a perfectly competitive economy which is in stationary equilibrium. Śledzik (2013) explains that Schumpeter's 'entrepreneur' definition has functional character and concerns only with ideas and activities related to innovation. The entrepreneur's function is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on (Schumpeter, 2000).

The Dalberg (2011) report confirms that entrepreneurship was visible everywhere in rural and urban Africa, where almost one in two households operated a small business, supplying almost anything from transport to trousers. Following a study of SMEs in Mozambique, the Institute for Promotion of Small and Medium Sized Enterprises (IPEME, 2015) found that 31% of all respondents cited 'prior knowledge of the market' as the main entrepreneurial motive for starting a business. The weakness of home-grown entrepreneurship is mentioned as among the main causes of Africa's developmental crisis, often not without reason (Arzeni, 2013; Nagler & Naudé, 2014). This implies that low productivity; low quality (or bad) jobs are widespread, leading to underemployment (Jones & Tarp, 2012). Valá (2007) reckons that the weakness of home-grown entrepreneurship is among the main reasons of continued unemployment and developmental crisis in Mozambique.

2.2 Educational levels

The level of education of the owner-manager has been mentioned as critical for the success of an entrepreneur. Wilson (2014) confirms in previous researches that the owner-manager's level of education is an important determinant of the growth of a firm. Unger et al. (2014) reckon that entrepreneurship education as opposed to formal education emphasizes on imagination, creativity, and risk acceptance in business; on the contrary, traditional formal education puts more emphasis on quantitative techniques than development of creative skills. Porter and Kramer (2011) refer to some goals of entrepreneurship education emphasizing that entrepreneurial education enriches the entrepreneur with the following aspects: (a) personal knowledge; (b) the power to select business opportunities; (c) the capacity to improve main understanding and skills in order to craft a successful and flexible program for a risky business; (d) providing the skills to distinguish the types of business opportunities within the opportunities available for entrepreneurship, and (e) understanding the obligatory talents and up to date methods of collecting data required for the marketing of a new products and services.

Aremu and Adeyemi (2011) insist that education, especially entrepreneurial guide to the owner-manager can cause productivity to expand in order to achieve the organizational goals. The researchers argue that education and development make it possible to provide an extensive opportunity or structures for developing behavioral and technical skills among the human resources, which assist the owner-manager, achieve a certain level of growth. The empirical results of the study by Bowale and Ilesanmi (2014) show that professional education and development help improve the individuals' functional knowledge and skills at any level, and lead to development of their personality and mental prospects. This discovery is supported by authors e.g. Chowdhury, Alam and Arif (2013) and Unger et al. (2014) that specialist education and development, help with fomenting team spirit and lead to an increase in cooperation within the firm, which leads to deeper learning and internalizing among the personnel and employees. The scholars reiterate that professional education and expansion help with upgrading in production and company working life quality; organization development, effective decisions making while dealing with problems; better understanding of organizational procedures, communication skills, leadership skills, motivation, loyalty, positive and constructive thoughts.

Conversely, Rasmussen et al. (2006) and Nagler and Naudé (2014) maintain that the strength of the relationship between education and entrepreneurial success is not statistically significant, suggesting therefore that the level of education does not matter in explaining the growth of entrepreneurship or SMEs development. Nagler and Naudé (2014) argue that education plays a subsidiary role in entrepreneurship, arguing entrepreneurs are born and not made. Entrepreneurship cannot be taught; according to Nangoli et al. (2013). Successful entrepreneurs have distinct traits which are innate, and that certain people are hard-wired to see opportunities and pursue them through new and innovative means. It's no secret that entrepreneurs 'think differently'; they ask provocative questions and approach business in a much more creative way (Chowdhury et al., 2013). However, in an attempt to understand the cognitive processes of entrepreneurs, Sarasvathy (2009) found that successful entrepreneurs actually used a different reasoning approach when making decisions about their businesses.

Effectual rationality, according to Sarasvathy (2009), is the inverse of causal. The author contends that education systems around the globe concentrate at teaching students to think causally, to set a pre-determined

goal and then acquire the means and resources to find the most efficient way of achieving it. People who use effectual reasoning, on the other hand, start with a given set of means and allow goals to emerge and change over time (Fillis & Rentschler, 2010). According to Gibb (2009), running a small business is fundamentally a hands-on activity where formal educational qualifications are less relevant. The implication of this argument is that education plays a subsidiary role in entrepreneurship because entrepreneurs are born and not made. Evidence from Mozambique is mixed, but organizations like IPEME (2015) insist that formal education is important for the growth and sustainability of SMEs in Mozambique. There is an empirical gap in determining which of the two arguments is pertinent to entrepreneurship development in Mozambique. This study aims at closing that research gap.

2.3 Training on skills

The human capital entrepreneurship theory as developed by Becker 1994 (cited in Alrumaithi et al., 2015) postulate on two factors, education and experience, underscoring the assertion that education is a key constituent of the human capital required for business success. The human capital hypothesis is defined as skills and knowledge that individuals acquire through investments in schooling, on-the-job training, and other types of experience (Oosterbeek et al., 2010). Miralles-Quirós and Lisboa (2014) in their study in Portugal and Spain also confirmed a significant relationship existing between possession of skills and business entrepreneurship. This implies that trained and skilled owner-managers are more likely to establish faster growing firms. Researchers (e.g., Zula & Chermanck, 2007; Davidsson et al., 2010) have engaged a large range of variables - all signifying human capital- such as: formal education, training, employment experience, start-up experience, owner experience, parent's background, skills, knowledge, and others (Unger et al., 2011) to authenticate the human capital entrepreneurship theory.

The Tanzanian government established the Vocational Educational and Training Authority (VETA), aimed at providing vocational education and training opportunities to young entrepreneurs (Redecker, Wihstutz & Mwinuka, 2000). VETA was established to ensure that the system met both the need of formal and informal sectors, promoting entrepreneurship, on the job training in industry and apprenticeship training (VETA, 2016). Jayawarna, Macpherson and Wilson (2007) mentioned that carpentry education obtained from various vocational training colleges in Tanzania had an impact in the formation and growth of SMEs. Isaga (2015) also examining the case of Tanzania revealed that policy measures that promoted workshops, role models and previous experiences may have the greatest impact in stimulating entrepreneurship and facilitating manufacturing SMEs growth in Tanzania. In Mozambique, institutes such as the national institute of employment and professional training (INEFP), are involved in advancing vocational training and formation of professional aptitudes to the youth in the country (INEFP, 2013).

2.4 Incubators

One important catalyst for entrepreneurship formation is through the creation and promotion of incubators (Lesáková, 2012). In most countries, incubators are intended to foster the spirit of entrepreneurship to potential business owners. Musewe (2012) argues that, an incubator supports a business through its "infancy" by giving basic services and resources, such as networks, finance, office space and mentorship to local start-up firms. Evidence from China for example, showed that by year 2000, start-up companies exceeded 70 000 due to the enhancement of the role of incubators which had totaled to 100 high-tech incubators and additional 30 universities specializing in high-tech formations (Mahmood et al., 2016).

Rubin et al. (2015) in their studies in Israel and Australia challenged the role of incubators claiming that they were not as effective in promoting entrepreneurship or as start-up initiators because their role in nurturing starts-ups were rather contradictory. In Mozambique the government instituted the Institute for Promotion of Small and Medium Enterprises (IPEME) with the aim of promoting entrepreneurship especially amongst the youth (Zimba 2013). IPEME's main sub-division is the institute of promotion of small businesses or put simply the Enterprises Incubator (IE; IPEME, 2012). The IE was formed in order to stimulate the formation of preliminary training in business management and development of micro and small businesses through the creation of enterprises incubators (IPEME, 2012). The ultimate aim of the IEs as Zimba (2015) stresses is to act as a 'multiplier device' to give the business owners more synergies to multiply their employment generating capabilities.

2.5 Apprenticeships

Another scheme that has an important function in entrepreneurship development is apprenticeship (Holt, 2012). Kuczera and Field (2018) describe apprenticeship as a training system that produces highly skilled workers who are able to meet the demands of the market and who can compete in highly competitive environment. Holt (2012) maintains that apprenticeship gives aspiring young professionals the real world experience they needed to get the edge. Holt (2012) laments however, that despite 99 percent of all businesses being small and medium

enterprises, the proportion of take up of apprenticeships in them is at best, just fewer than 10 percent. Getting ahead of the crowd as an apprentice means taking advantage of every opportunity to increase skills and knowledge of the career of an entrepreneur (Wallis, 2008; Kuczera & Field, 2018).

2.6 Small and medium enterprises -SMEs

SMEs are an outcome of entrepreneurship, and have the possibility to generate direct and indirect employment especially for young people. Small firms are not only the fastest growing sector in Mozambique and Africa - they are also considered an outlet for indigenous entrepreneurship (Vletter de, 1996; cited in Kauffman & Parlmeyer, 2000). Existing literature in Mozambique has nonetheless, not been extended enough to determine the paucity of SMEs in employment creation especially from established and ongoing SMEs. Thirunaukarasu (2010) analyzing the state of microenterprises in job creation in Malaysia, concluded that microenterprises provide young and budding entrepreneurs an opportunity to be involved in entrepreneurship that require less financial commitment. Thirunaukarasu (2010) infers that although most micro entrepreneurs are self-employed, at least 40 percent of those who work with microenterprise development programs create paid work for their immediate family members, friends and themselves as well.

3. Methodological Approaches

The study's research problem is to find out if entrepreneurship in Mozambique is inheritably inborn, or if it is acquired through learning and training. The study was carried out in Greater Maputo the capital city of Mozambique and the boiling pot of major activities in the country to determine from owner-managers how and where they acquired the drive for entrepreneurship and what prompted them to launch their businesses. The study was carried out abiding to three constructs:

- (i) Does the entrepreneur have any formal education?
- (ii) Did the entrepreneur receive any kind of training prior to setting own business.
- (iii) What motivated the owner-manager into starting own business.

In order to attain an in-depth analysis of the study it was deemed appropriate to separate SMEs businesses into three distinctive groups, being the manufacturing, services and commerce sub-sectors. The stratified random sampling strategy was adopted to select samples in order to get fair representation of each group and avoid biasness. A total of 550 SMEs samples were selected from the population of SMEs of Greater Maputo, of which 482 samples were fully completed and usable. Data was collected from SMEs owner-managers through interviews carried out on the basis of face-to-face approach, using structured, closed ended questionnaires. The study employed the quantitative methodology, and data was analyzed by the use of descriptive statistics that generated frequencies and percentages results.

4. Results and discussions.

The following sections give results on the research of SMEs in Greater Maputo following the face to face interviews and data gathering exercise from the SMEs owner-managers.

4.1 Possession of formal education

The results of the survey on the level of education amongst owner-managers of SMEs from the three separate sub-sector, manufacturing, services and commerce are shown in Table 1.

Table 1. Education levels of owner-managers of SMEs in Greater Maputo

Education Levels	Manufacturing		Services		Commerce	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
No education at all	2	1.6	3	1.2	3	2.7
Primary education	18	14.2	14	5.8	4	3.6
Secondary education	55	43.3	81	33.6	47	42.3
Technical education	35	27.6	58	24.1	19	17.1
University education	17	13.4	85	35.3	37	33.3
Total	127	100	241	100	111	100

The results show that a significant proportion of business owners from the three sub-sectors had secondary education with the manufacturing sector leading by 43.3% followed by the commerce sector with 42.3% and lastly the services sector with 33.6%. The services sector leads the group with 35.3% of the firm owners having university education. The prevalence of university education in this sub-sector was expected as the group is composed of professional people such as lawyers, medical doctors, dentists, insurance brokers, accountants and auditors; professionals that would require advanced education. Amongst the three sub-sectors, the manufacturing category had more technical educated owner-managers at 27.6%, which was expected as manufacturing required technical knowledge. The results as a whole imply that owners of SMEs in Greater Maputo had on average higher levels of education compared to the general population of the country. The results may give indicatives

that professional education acted as a catalyst for the owner-managers to launch businesses relevant to their respective fields.

4.2 Training for owner manager and staff

Respondents were probed to find whether they had received specialized training in any field prior to setting up their enterprises. The questionnaires encompassed various other related government support components relevant to the owner-manager including training. The other support features were added to substantiate the impact of the survey on support to SMEs and the results are shown in Table 2.

Table 2. Training of entrepreneurs and other support to SMEs from government

Types of Government support	Manufacturing		Services		Commerce	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
<i>Did not received any support</i>	70	54.3	153	64	83	72.8
Financial assistance	23	17.8	22	9.2	5	4.4
Training of owner	20	15.5	40	15.7	10	8.8
Business administration	1	0.8	8	3.3	3	2.6
Marketing & Exports	4	3.1	10	4.2	2	1.8
Exemption from Taxes	4	3.1	3	1.3	8	7
Improvement in Infrastructure	7	5.4	3	1.3	3	2.6
Total	129	100	239	100	114	100

The results showed that more than half of the respondents from all the three sub-sectors had not received any support especially training in any field. The worse results were recorded by the commerce sub-sector whereby 72.8% said they had not received any government support and only 8.8 % ever received training support prior to setting their businesses. The commerce sub-sector is prevalent with business people selling general merchandise, including groceries, restaurants, clothes shops, beauty parlors; occupations which in many cases do not require expert training. Most of these would start their activities by mere chancing, or from experience they acquired working with families.

The services and manufacturing sub-sectors had more trained owner-managers, at the rates of 15.7% and 15.5% respectively. The reasons the services sub-sector had more owners with previous training tended to be linked with the reality of their professions. Medical personnel, owners of legal practices or accounting firms normally undergo extra training and by law they have to serve internships and articles before being legalized and admitted to the relevant professional bodies. Owners of manufacturing firms would also required additional training to manage their technical oriented fields. The low levels of training recorded within the two sub-sectors however can be associated to the low levels of vocational training available in Greater Maputo and Mozambique as a whole.

4.3 Reasons for starting own business

Owner-managers were asked what prompted them to enter into businesses in the first place. The question was relevant in order to determine the drive that prompted young entrepreneurs in Mozambique especially those in stable employment, or working in successful family businesses to leave their occupations and take the risk of starting their own businesses. The results are detailed in Table 3.

Table 3. Reasons that motivated entrepreneurs to enter into business

Reasons for Owner-Manager starting own businesses	Manufacturing		Services		Commerce	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Family Influence	14	10.8	17	7	16	14.7
Personal wish to be own Boss	79	61.2	155	63.5	68	62.4
Incentive from Clients	1	0.8	8	3.3	4	3.7
Attractive Market incentives	9	7	23	9.4	11	10.1
Following appropriate training	26	20.2	40	16.4	7	6.3
Unemployed or Retirement	0	0	1	0.4	3	2.8
Total	129	100	244	100	109	100

The results showed that 63.5% of the services sub-sector, 62.4% of commerce and 61.2% from the manufacturing sub-sectors mentioned that they were driven by the sheer desire for independence and to be their own bosses. From the survey, 20.2% from the manufacturing sub-sector, 16.4 % from the services and 6.3% from the commerce sub-sectors responded that they went into business after receiving appropriate training. These results were astounding as owner-managers who mentioned the desire for personal achievement significantly overwhelmed those who mentioned they got motivated following relevant training. The other category cited as having induced entrepreneurs into business was family inspirations. At 14.7% the commerce sub-sectors had more respondents, followed by the manufacturing sub-sector at 10.8% who cited family

influence. A considerable number of entrepreneurs who formed commercial activities would have worked in their parents' shops, supermarkets, restaurants, inns and barber shops from where they got motivated. Entrepreneurs in the manufacturing sector would have had stints in family owned carpentry workshops, garages, blacksmiths depots, and building sites and got influenced to continue with the family trait. In other words they would have served their apprenticeship prior to embarking on their own enterprises.

The results in this section, regarding entrepreneurs reasons for entering into business, solidifies the conviction that not mere training, or education or even apprenticeship stands as the prime factor spurring entrepreneurs to take the risk of starting their businesses.

5. Conclusions and recommendations

The study probed into the research problem of whether entrepreneurship was intuitive especially among the youth, or it came through education, training or having undergone some sort of apprenticeship. A sample of entrepreneurs in Greater Maputo, were selected for the study to find out what really motivated them to go into business. For the study to be comprehensive and to cover in details all areas of the economy, it was carried out through the analysis of three separate sub-sectors, the manufacturing, services and commerce sub-sectors.

From the study, the level of education, training in the relevant field, and having experience working in family businesses may have been significant in stimulating young people to venture into their own enterprises. The finding in this study however, showed that a greater percentage of respondents indicated the wish for self – motivation and business independence as reason for starting a business. The results therefore tilt the balance to the conviction that the presence of natural and congenital entrepreneurship in Mozambique is what actually motivates entrepreneurship.

This does not mean that support should not be rendered to young entrepreneurs in Mozambique. More support of all kinds should be emphasized to potential entrepreneurs prioritizing on competitiveness. The youth may have good business ideas, but they lack the forum, the platform and assistance of bringing them forward. Currently the Standard bank in Mozambique is organizing seminars to encourage the youth to discover their instinctive ingrained entrepreneurial talents. The seminars, also called entrepreneurial incubators aim at training young people to fill the gaps of the entrepreneurs, in terms of skills; to provide service support for business growth and access to markets; to connect entrepreneurs with a network of customers and suppliers, as well as assisting in mentoring on access models to funds (Standard Bank, 2018). More of such initiatives are welcomed, but the focus should be on implanting the spirit of competitiveness.

The essence of entrepreneurship already exists in Mozambique, what lacks is support to enhance competitiveness and productivity to produce better goods, improve services, and to compete in the market, against imported goods and services from outside. Incubators should be used to promote productivity in manufacturing, innovative skills, negotiations tactics and bargaining powers with buyers and suppliers. Incubators should be restructured to empower owner-managers with the instincts of competitiveness rather than emphasizing purely on entrepreneurial promotion.

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